

January 5, 2010

To the Members of the Mississippi Legislature:

I am pleased to announce that Wilh. Schulz GMBH, a global supplier of pipe components, has selected Tunica County, Mississippi, as the location for its new pipe manufacturing facility. The new facility represents a \$300 million investment by the company and will create 500 new jobs in the Mississippi Delta over the next five years.

In today's global economy, competition is fierce when it comes to economic development projects that create large numbers of jobs. Mississippi was one of three states to be competing for this project in its final stages. With this in mind, I am delighted Schulz has decided to locate its North American manufacturing operations in Mississippi and has committed to create 500 new jobs here. New job creation is always welcome news, but in these troubling economic times in particular, job creation must be our first priority. These jobs will have a positive impact on the Mississippi Delta region and our state as a whole.

The Mississippi Development Authority (MDA) has completed due diligence on this project and the company has provided the financing plan to begin production at the facility.

Schulz's Mississippi facility will employ state-of-the-art manufacturing processes, utilizing a recent breakthrough in this field. The company has announced it will produce clad pipes using this new process exclusively at its new Mississippi facility, further demonstrating its confidence in our state's workforce.

In order to make this project a reality, I am asking the Mississippi Legislature to pass Mississippi Major Economic Impact Authority incentives. Specifically, the Mississippi Development Authority will present an incentive package to you that provides:

- A loan of up to \$15,000,000 to Tunica County to assist in the construction of the building which will be leased to the company for a term of no more than 20 years. These funds will be repaid to the state through lease payments from the company.
- A loan guarantee of up to \$20,000,000 to Schulz for the purchase of \$60 million of manufacturing equipment. As a condition to the loan guarantee, the company will provide \$15,000,000 toward the purchase of this equipment.

In addition, the Mississippi Development Authority will provide off-the-shelf assistance for public infrastructure for this project. Tunica County is providing the land and is also providing significant funding for site improvements for the project, and the Mississippi Department of Employment Security has set aside funds for on-the-job-training assistance.

Schulz's Tunica County facility will be its first production facility in North America. This German-owned company was first established in 1945, and today, it produces and supplies stainless steel and alloy steel seamless pipe products to a variety of sectors including the oil and gas industries, nuclear and fossil fuel power plants, water treatment plants and diverse areas of the chemical industry. In the nuclear power plant industry alone, Schulz supplies products to power plants in Germany, the United States, China, Taiwan, India, Finland, Brazil, and South Korea, among other countries. The company operates manufacturing facilities in Germany and Brazil, along with 14 other offices and distribution facilities located around the world.

Schulz's new manufacturing facility in Mississippi is a great way to start the 2010 Legislative Session. Thank you for your consideration of a state incentive package that will make this project a reality.

Sincerely,

Haley Barbour